

AN  
INTRODUCTORY LECTURE,

DELIVERED BEFORE

THE UNIVERSITY OF DUBLIN,

IN HILARY TERM, 1837.

BY

ISAAC BUTT, LL.B.

ARCHBISHOP WHATELY'S PROFESSOR OF POLITICAL ECONOMY.

DUBLIN

WILLIAM CURRY, JUN. AND COMPANY.

B. FELLOWES, LUDGATE-STREET, LONDON.

1837.

Dublin: Printed by JOHN S. FOLDS, 5, Bachelor's Walk.

338  
B98i  
cop. 2

*Renée  
Léauy*

TO HIS GRACE

THE LORD ARCHBISHOP OF DUBLIN,

TO WHOSE MUNIFICENCE

THE IRISH UNIVERSITY IS INDEBTED

FOR HER

PROFESSORSHIP OF POLITICAL ECONOMY,

THIS INTRODUCTORY LECTURE

IS RESPECTFULLY INSCRIBED

BY HIS GRACE'S FAITHFUL SERVANT,

THE AUTHOR.

13, TRINITY COLLEGE,  
MARCH 21, 1837.

J 56308



## ADVERTISEMENT.

---

IN the end of June, 1836, I was appointed to succeed Professor Longfield in the chair of Political Economy in the University of Dublin. This Professorship has been established by the munificence of the present Archbishop of Dublin; and its emoluments consist in the sum of £100 a year, charged upon the see lands of the archdiocese. By the terms of the endowment the Professor is required annually to deliver nine Lectures, and to publish one. It is in fulfilment of this latter requirement, that the following Lecture is offered to the public.

This is the first of four Lectures delivered in the present (Hilary) term. These Lectures have been exclusively directed to the subject of "Production." Could I have made a selection, the first is certainly not the one which I would have published, as it contains, of necessity, much that is not properly

scientific ; but I found that any one of the others would have been very incomplete when separated from the rest ; and indeed the exclusion of value from the definition of wealth, has so materially influenced the train of thought of the entire, that it is, perhaps, the most essential point to be put forward. I have reserved the subject of value for next term, and have, with M. Say, defined production to be “the creation of utility.” I have thus endeavoured completely to distinguish between that relation of things to our nature, by which they minister to our wants, or satisfy our desires, and that relation to each other by which they are mutually exchanged in certain proportions—the one is utility, and the other value ; the first is evidently the basis of the second ; and it is utility, and not value, which is the end and object of all human effort, and of the act of exchange itself.

Utility and value correspond to what Adam Smith has termed ‘value in use,’ and ‘value in exchange ;’ but it is much more likely to conduce to clearness, to reserve the term ‘value’ exclusively for purchasing power, and to employ ‘utility’ to denote value in use. In applying the word ‘utility’

in this sense, to what is agreeable as well as useful, we are, I believe, departing a little from ordinary language, but certainly not running so great a risk of ambiguity as by employing the word ‘value’ in two senses perfectly distinct, but, at the same time, very apt to be confounded.\*

How far I have been able to attain clearer views

\* “Utility is a relation—it is that relation of things to our nature by which they minister to our wants or satisfy our desires. It is only necessary to observe that this is attaching to the word a signification something different from its common one. In ordinary language I am not sure that we would say, a thing possessed utility because it pleased our eye—in the sense in which we here define the word it does—I do not apprehend that any confusion will arise from this use of the word—although generally I am fully conscious of the danger of employing words in a strange signification; and indeed where we are obliged to express abstract ideas for which common language has no precise name, it would be well if a general council of political economists would meet and settle upon an authoritative nomenclature of totally new terms—but this is an act of authority which any individual should be very cautious of taking upon himself. And for the liberty we are taking with the word utility, in which I am following M. Say, among the French, and Mr. Senior among the British economists, we have something like an authority in the words of Locke, who says that when he is forced either to invent a new name, or employ an old one in a new sense, he would in most instances prefer the latter.”—LECTURE II. (*unpublished.*)

of the science by thus excluding ‘value’ from the definitions of wealth and production, it is not for me to judge. The mistake of introducing value into the idea of wealth, may, perhaps, be traced to the ambiguity of the ordinary use of the latter word, which is applied to those things which, in its scientific sense it includes, and also to that command over the resources of society which enables us to procure them.\*

I am fully conscious of the inconvenience of presenting a detached portion of what I have endeavoured to combine into a general view of the subject of production. I have made some little effort to obviate this by annexing, in an appendix, some points which, in the succeeding lectures, I attempted to establish.

13, Trinity College,  
March 21, 1837.

\* See Appendix, note 3.

## INTRODUCTORY LECTURE.

---

GENTLEMEN,

It has become my duty to endeavour to assist you in that portion of your investigations into truth, which is distinguished by the name of Political Economy. A more convenient and attractive name might certainly have been selected for the inquiries upon which we are about to enter; at least, it would not have been easy to have chosen one less calculated to convey a correct idea of the objects, or the character of the science, which it is employed to denote. It is now, however, too late for any one to attempt to suggest a better, and, for the attainment of truth, the name is of little consequence. Provided that we have a clear and distinct notion of the subjects which we propose to examine, our investigations will not be materially affected by the title which

we choose to bestow upon our studies. The disadvantage of the name has been, not that it confused the researches of those who are the students of the science, but that it has deterred others from becoming so. But while I am fully conscious of the inconvenience of endeavouring to secure general reception for a science, unfortunately burdened with a designation at once unpopular and unmeaning—in relation to my more immediate duty, that of guiding your minds to the consideration of certain truths, connected with the social condition of man, I think I am justified in presuming that if I direct your attention to subjects worthy of engaging the faculties of your minds, you will not refuse to join me in considering them, because those who have preceded us in the examination, have chosen any particular name for their inquiries.

I think, too, that I may understand your presence here as an indication that you are willing to be informed upon the subject of the science, and that so far you are exempt from the influence of those vague and groundless prejudices, which have kept many from so much as ascertaining what it is. I do not intend to enter on any formal refutation of the objections, in which these prejudices have sometimes attempted to assume a tangible shape. The task is one for which I confess I have not patience. It has already been performed in a manner, in which a masterly knowledge of the

sources of human ignorance, is strangely tempered with a philosophic toleration of its results ; and both are beautifully blended in a calm and patient reasoning with prejudices, which a hasty temper would almost dismiss without a notice, but that of contempt. (Note 1.) It suggests a curious subject for reflection, to endeavour to trace the popular prejudice against political economy to its sources—to find how much of it has arisen in the indiscretions of political economists themselves—how much of it has no other origin than the sincerity of human folly—and how much of it we might trace to the mortified vanity of those, who find it easier to decry a science, than to master its conclusions. We must allow something for the effects of each of these three causes, and, perhaps, our least liberal allowance should not be to the last. There is a class of persons, to whom political economy, no doubt, has proyed a peculiar inconvenience ; and this class comprises within it the individuals best adapted by nature for making a noise, especially if it be a senseless one.

It is unfortunately true that a certain kind of popular talent may exist, without the possession of any very great reasoning powers ; and those who have gained a reputation by the one, are naturally jealous of a science, which unrelentingly detects their deficiency in the other. You will readily understand why some persons resent, as a most

unfair and unwarrantable interference, the introduction of strict reasoning into subjects, which they are very willing to regard as made by long prescription, the exclusive property of the declaimer.

To whatever causes we may attribute the popular hostility against political economy, I believe I may say with truth that it is declining, and as light advances, it will altogether vanish, or at least, be found only in those cold and gloomy retreats, which are impervious to the rays that illuminate all the rest of the world.

There still, however, lingers a vague and undefined prejudice against it—a prejudice acquiesced in by many, who, on other subjects, are accustomed to think for themselves. No doubt you have heard the science spoken of as a mysterious something, that is to make you selfish and heartless, and to contradict, in the sternness of its paradoxical conclusions, not only the maxims of common sense, and the lessons of experience, but every generous emotion, and every charitable sympathy of your heart. You may, perhaps, have heard it charged with the still more serious crime of being, as a science, opposed to revelation ; and these charges have been brought by persons who have never given themselves the trouble even to inquire what are the subjects it proposes to examine. For you will, I believe, generally find that those who are

the most profoundly ignorant of its nature, regard themselves as best qualified to pronounce its authoritative condemnation. Precept and example should certainly coincide; and those who know nothing whatever of a subject themselves, may, on this principle, be the best entitled to advise you not to be informed.

To such vague generalities drawn, not from any knowledge of the prescribed branch of study, but from some preconceived notion as to its tendency, we can only reply by a simple contradiction. And then you must decide what weight you are to attach to the respective testimonies, for and against the character of the science, not forgetting, of course, that the evidence in its favour is given by persons who profess to have made it their peculiar study, while that to its discredit is borne by those who boast of knowing nothing whatever about it.

But really these objections are hardly worth even the short reply of a contradiction. With a fair and candid mind, you at once get rid of them, by simply stating the subjects into which political economy proposes to inquire, and appealing to its own judgment, whether these investigations are objectionable in themselves. Did I meet with a person capable of understanding reason, and willing to listen to it, who was biassed by any of the prevalent prejudices against the study, I believe the simplest and the most effectual method of dealing

with such a person would be, to call his attention to the phenomena which the political economist endeavours to explain, and to ask him if it be not possible to inquire into the process of nature, by which those phenomena are produced, without forfeiting whatever little claims we may possess to be regarded either as Christians or men of sense. The admission that it is so is all that we want ; the moment that we enter on this examination, we become students of political economy. It is, of course, our duty, if we desire to attain truth, narrowly to watch every step of our inquiry, and we are bound not to accept any conclusion, with the reasoning in support of which we are not satisfied. These, however, are rules *in* the science, (common to it with all others,) not objections *against* it. No sooner have we entered on the investigation than ours becomes a case to which preliminary objections, such as those to which I have alluded, can no longer possibly apply. It is true that we may still find reason to dissent from opinions, that have been by others regarded as established ; but, to disprove the conclusions of those who have preceded us, if they are erroneous, is to benefit the science, not to subvert it. Copernicus was a student and a benefactor of the science of astronomy, although he upset all the doctrines which his predecessors in the study had received. I do not now mean to say whether there be room for such a

sweeping innovator in our science. I only mean to remind you that a disbelief of any particular doctrines can never, with a rational mind, constitute a reason for not examining the science in which they have been taught. Had Newton railed at physics, and Locke at metaphysics, we might still be believers in the vortices and the innate ideas of Des Cartes.

The truth is, that preliminary objections against a science very seldom if ever rest upon any solid foundation ; such objections are nothing else than so many reasons adduced to prove that we ought not to employ the faculties that God has given us in examining the works by which he has surrounded us. There is, however, one class of such objections so frequently and so speciously urged not only to Political Economy, but to many of the investigations in which human reason has faculties to engage, that perhaps I may venture to detain you by a few general observations upon their character. It is no uncommon thing to find even men of piety and talent shrink with a species of superstitious aversion from some proposed investigation into subjects fairly within the scope of human intellect from a vague apprehension that the result of their inquiries may be something inconsistent with moral principle or religious truth.

The very indefiniteness of this feeling renders its removal difficult. It is far easier to refute an

error when it is expressed in a plain and definite proposition, than when it shrouds itself in the indistinctness of an unsubstantial prejudice. Besides the error to which I allude bears the semblance of originating in reverence for religion, and so has fastened itself upon feelings which no man should presume to disturb. It is not however a genuine growth of the tree of piety, but a mere parasitical incumbrance, however it may appear to be entangled with its branches.

The best way of meeting the prejudice to which I allude is by stating broadly and plainly the truth which it evades. There is no moral obligation upon a rational creature to abstain from employing his faculties in any investigation to which they are adapted. If there be subjects upon which our faculties are incapable of acquiring knowledge, common sense will teach us that inquiry is useless, and the time spent in it thrown away. But as far as the powers of our mind can carry us we are safe and justified in going. The sincere believer in religion need never refuse to follow to its very utmost the path of inquiry into truth—and may boldly enter on any examination to which human intellect is competent, without ever bestowing a thought on the probable character of its results. It is of importance that this should be fully and clearly understood. For whether we are to consider it in a religious or in a merely philosophical

point of view, nothing can be more weak than to assign as a reason for not entering on any branch of study, an apprehension that it may lead us to propositions that will interfere with principles that are established as rules of action in our mind. Such hesitation must only be founded in some strange mistake as to the character of science, or originate in very vague and unsettled notions as to the nature of moral good.

Science does nothing more than teach us to attain to the knowledge of unknown truths by tracing out a necessary connection from those which are known. And this it does not by any legerdemain process of mystic ratiocination, but by the plain and simple employment of the faculties which we use in making the commonest deductions of every-day life. It may perhaps appear superfluous to remind you of this ; but what is very evident is very often forgotten —and I think you will find many even of educated men disposed perhaps unconsciously, to regard science as supplying us with some new and questionable means of deducing far-fetched conclusions instead of submitting propositions to our reason, or, if you like the term better, to our common sense, and teaching us by the exercise of the ordinary faculties of our intellect to arrive at truth. In the mixed sciences (of which, as I will presently have occasion to remind you, Political Economy is one) we are called on to admit facts as the basis of our reasoning.

But the evidence of these facts is just such as we are every day cognizant of ; in many instances the facts rest upon our own previous knowledge. Every successive step of the most abstruse scientific demonstration is nothing more than an appeal to our common sense—exercised in its most common and usual application, that of perceiving that the knowledge of one truth involves the knowledge of another. To distrust the validity of this process is in reality, if we are consistent, to disbelieve every thing—to reject all knowledge, and sink into the absurdities of a wild and universal scepticism.

And surely there can be no intelligible ground for the apprehension that the path that leads to truth may lead us away from that great Being who is the source of all truth. There was indeed a time when men were taught that ignorance was pleasing to their Creator, and that it was the mother of devotion. And those who taught them so were at least consistent—but there are those who smile at the absurdity and yet practically adopt it, when they call on men not to employ their faculties, lest by their employment they should become less virtuous or less good, and insinuate what they have not the manliness openly to assert, that the less we know the better Christians we are likely to be. But there is no inconsistence between the most perfect knowledge and the most exalted virtue. No substance is so pure as light. It is not only a weak but a debas-

ing superstition that harbours the secret apprehension that the knowledge of truth may be evil and gives place for an instant to the suspicion that regards the inquiries of science not so much as erroneous as forbidden. This is indeed to deprive virtue of its dignity, and to take from the character of the good man that strength of mind which alone deserves the name of moral rectitude. Once let us admit the remotest possibility that the attainment of truth may be a crime, that truth and right may be things opposite in themselves—and there is gone from the universe all that moral beauty which it is the noblest faculty of exalted intellect to appreciate, and with it there perishes all that high and lofty principle in which the homage of genius pays to that beauty its best and its most fitting adoration.

And do not imagine that in thus superstitiously refusing to enter on the investigations of science you manifest the strength of your faith—it has been already well and justly remarked that it is but a confession of its weakness. A genuine confidence in religion will bear you fearlessly into every inquiry into truth without any apprehension that it can possibly interfere with your belief. A firm persuasion in the truth of your religion will reject the coward policy that prompts these jealous restrictions which can only have their origin in mistrust and doubt, and the only effect of which can be to substitute for the steady assurance of an enlightened

belief, the timid and uncertain assent of uninquiring credulity. Common sense might teach us that there can be but little principle of stability in the conviction that depends upon such cautious restrictions for its support. I believe you will generally find that those who are so very sensitive on the subject of their belief owe much of their morbid anxiety to its weakness. We may suspect that it is but an unhealthy faith which they thus nurse at home with a valetudinarian's care, and tremble lest it should perish with the slightest exposure to the cheerful light or the airs of heaven. Certain it is that if its constitution be not already sickly they are taking the surest way to make it so.

Unquestionably there is a sober and chastened spirit in which it well becomes us fallible mortals to undertake even any examination into the little corner of creation which can come under our inspection. That were indeed a poor arrogance of poor attainments which would make us overlook in the littleness of what we do know, the vastness of what we are unacquainted with—it were an arrogance worse than poor if it could lead us for one instant in the pride of our paltry intellect to forget our entire dependence on Him, without whose blessing all the investigations of science and all the attainments of reason are nothing worth. But the more entire our reliance upon him, the farther will we be from that unbelieving cowardice which shrinks from en-

tering on the path of inquiry into truth. And if we bear in mind that in all our inquiries we are but examining the works of God, and in this examination come, so to speak, into his more immediate presence, this will give us confidence as well as fear—our minds will be at once elevated by the grandeur and chastened by the solemnity of the recollection. Ours will be the proud humility—the noble dependence conscious of strength—which will teach us that there is nothing within the range of our intellect with which we need fear to grapple. And such a confidence as this is surely more indicative of faith than the sickly affectation which shrinks from every breath of inquiry, and trembles at the passing of every shadow. The greatest of our living poets has nobly illustrated this very principle in that splendid fiction in which his wayward fancy has chosen to display the dignity of a firm reliance upon a presiding power. When the Destroyer was engaged in his contest with the evil ones, he was taught that the talisman of his victory was faith, and once having learned this secret, he never feared to trust himself to any region unknown, or to enter on any path however unexplored—conscious that nothing could take him beyond the influence of his talisman or the protection of heaven. Reliance upon a higher power will give the Christian equal fearlessness in trusting himself to the deductions of science—he will feel assured that they can lead him

no where where he will not be safe—and whether they guide him to explore the deep recesses of the earth—or bring him to examine the moral and social economy of man—or bear him on the gigantic calculations of human intellect far into the boundless realms of trackless space—they can take him to no part of God's universe where he will not meet with the presence of its creator manifested in the greatness and the harmony of his works. (Note 2.)

I have dwelt, perhaps, longer upon this subject than I ought, but both religion and science have been injured by the species of objections upon which I have been commenting—objections the more dangerous because they commend themselves to piety by appearing to be the result of a strong faith in revelation, while in reality they can only be the indications of its weakness. And I feel persuaded that this species of objection has been more successful than any other in creating a prejudice against our science among the right thinking portion of the community. Its application, however, is by no means confined to Political Economy, and if I have at all succeeded in separating this weakness from the reverence for religion with which it appears to be connected, my observations have not been altogether thrown away.

I trust then that you are ready to enter with me on the examination of the process of nature which produces the phenomena of which Political Economy

takes cognizance. I must request your forgiveness if I adopt the convenient fiction of supposing that I am addressing those unacquainted with the science, and endeavour to convey to you an outline of the investigations which we are to pursue. I believe that I can do this the more readily without, in the first instance, troubling you with any formal definition of the science.

Political Economy professes to teach certain truths connected with the social condition of man—it attempts to explain the nature of the causes by which is brought about that singular machinery of society by which Providence has set men to supply each other's wants, and thus receive and confer a mutual benefit. I believe we will find that in all sciences, except, of course, the purely abstract—in all sciences which deal with the world external to our own thoughts—we are occupied in tracing to their causes some phenomena which observation forces on the attention of our senses. By the conditions of our being we are placed in the midst of processes which are going on in nature altogether independent of our cognizance, and of which we take no note but by their results. And though Nature be herself our instructress in learning the plan of these processes, her lessons contain no full development of their construction, but are rather hints and suggestions for ourselves to pursue. She will not that her secrets should be manifest to every careless or superficial observer; she would have

those who wish to learn of her to explore and search into the curious springs and wheels by which all things are kept in motion, and therefore she does not lay bare her mechanism to our view.—The glimpses which we catch of it are few and far between ; they resemble that fabled mystic writing the artifice of which was to select certain syllables of the words, the spaces between which only the initiated understood how to fill up. The business of science is to discover the mechanism of these processes which are indicated by the phenomena presented to our senses, and trace out the plan of its construction from the indistinct and partial revelations which are found in these results. The first astronomers were men who saw the sun and moon and stars performing their regular circuit in the heavens, and endeavoured to search out the plan of the process of which they witnessed the invariable results. Newton saw an apple fall to the earth, and the hint suggested to him the principle that holds the planets in their orbits. Others stood by the sea shore and they saw the ocean rise and recede again at regular and stated times, and philosophers are still engaged in investigating the origin of the tides.—I might multiply instances from all the departments of investigation in which human intellect has ever been employed. Just so it is with that wonderful process in which nature works out the social economy of man. Phenomena

are forced upon our attention, well calculated to excite our deepest curiosity as to the laws by which they are produced. To trace out and to understand those laws is the business of the Political Economist, and in solving the problem of his science, he starts from results as wonderful as any of the phenomena of physics, and explores a mechanism as strange as that by which the moon is appointed for certain seasons, and the sun knoweth his going down —nor are the laws that govern that mechanism the less wonderful because they employ in its construction elements so uncertain as human passions and human propensities.

Have you ever gone through the apparently simple operation of purchasing a pair of cotton stockings?—At all events there is not one in the room who has the price of them in his pocket who is not perfectly certain of being able to procure them in the next street. Just pause and consider all the variety of persons who have contributed their labour directly to produce for you this article—from the time when the cotton was grown in a distant land, through all the various processes of its transfer and its manufacture up to its consignment to its ultimate destination in the very shape in which it is adapted for your service. The more you reflect the more wonderful will it appear. The multitude of human beings who have been engaged in preparing that single pair of stockings is far greater

than at first you might be led to suppose. The cultivator who reared by the banks of the Ganges, or on the plains of Carolina, the plant that yielded the original material; the labourers who gathered in the pods as they ripened under a tropical sun, and extracted the wool; the factor who stored the wool in his warehouse, and shipped it to be consigned to the English merchant; the mariners that worked the vessel across the Atlantic; all have been toiling directly for your accommodation. How many hands have then been occupied in converting the rough and uncombed wool into the softest and most comfortable consistence? what mighty power of machinery has been set in motion for your convenience—in working the spinning jenny and the loom? And this is not all; the article thus formed at such an expenditure of toil is brought in its finished state to the very spot where it will be most convenient to your want. Had you been an absolute monarch, with the unlimited right to dispose of the labour of all the various agents in this long and complicated process of production, you could not have more effectually and absolutely commanded their services for the gratification of your immediate want than you can now by the possession of a few little pieces of silver. I will not trouble you by tracing back the silver to its origin. There is enough to surprise the mind in the reflection that you have the positive certainty of being

able to command, at any time that you may require them, the products of another and far distant climate, wrought up into the very precise shape in which you wish for them, by the combined labour of thousands of persons, all of whom have been ministering to your comfort, and not one of whom ever dreamed of you or cared for any thing in what he did but his own interest. And yet when you reflect on the multiplicity and complication of the labours which are combined in this simple result, I am sure you will agree with me, that I do not depreciate your sagacity when I say that no exercise of the most absolute power, on your part, could probably have directed their exertions to the same end with half as much certainty and effect as they have been directed in the case of each of these numerous individuals by the simple motive of serving himself.

I have confined your attention here to the agents directly concerned in producing the article you require, the services of each of whom were indispensable to the result. But you may carry back the same train of reflections to other agents equally indispensable, although only indirectly employed—the persons employed in building the ship and in finding the materials—so too of the machinery and of the metal of which it is framed ; but in these investigations the mind must pause—you need not pursue them very far to arrive at the startling conclusion,

that when you purchase your pair of cotton stockings you are positively commanding for your own personal comfort and accommodation, not only the services of thousands of your contemporary fellow creatures, but the accumulated results of the labors of generations that have long since passed away.

All this is very wonderful, but it is a very poor and inadequate illustration of the problem which political economy proposes to examine. That problem is around you in all the strange results of human industry—in all the wonderful creations of human labour—in that surprising economy of the social state of man, by which the very selfishness of his nature is made the tye that is to bind the entire species in an involuntary league of mutual accommodation and service—and man in seeking his own interest, and supplying his own wants is compelled, unconsciously, to minister to those of his fellow creatures, perhaps in the remotest region of the globe. How is it that the labourer who gathered the cotton by the streams of the Mississippi, earned his subsistence by ministering to your comforts, and supplying wants, which, but for his assistance, you never could have supplied? Look at human industry occupied in preparing all those productions which supply the physical necessities of our nature, or multiply the enjoyments of civilized life—you will see all these productions thrown, as it were, into a common stock, of which

the whole family of man are the joint proprietors ; and yet each contributor drawing out a something which he requires. The investigation of the laws by which this amazing result is brought about, is surely worthy to engage the attention of a rational and reflecting mind.

Perhaps what I have said may help you to understand the definition which is usually given of political economy, as the science which teaches the laws which regulate the production, distribution and consumption of wealth. This does not imply that it teaches you either how to get rich, or to distribute or consume your riches when you have them acquired. I fear that science would be but little help to the one, and I am very sure men do not need its lessons for the other. But the definition means simply this, that by the condition of our social state, the industry of man and the powers of nature are conjointly furnishing to mankind productions which supply his wants and minister to his comforts (these productions the definition terms wealth)—these productions, however, are seldom used by those who have the chief concern in their creation, but are thrown, as I have already expressed it, into the joint-stock heap of society, thence again to be distributed in certain proportions to those who will use, or as the definition expresses it, consume them. The definition only implies that political economy endeavours to explain the principles according to which this

process is conducted, or, in technical language, it teaches the laws which regulate the production, distribution and consumption of wealth.

If this definition conveys to you a clear notion of the nature of our investigations, it is, perhaps, as much as we can expect. Writers upon political economy have generally made many, and I fear ineffectual attempts, to attain to precise accuracy in framing their definitions of the science, and perhaps you will be surprised to learn, that so little progress have they made, that it is still a matter of dispute what articles are to be considered as comprehended under the term Wealth. I have already endeavoured to explain it to you as designating those productions which human industry and the powers of nature furnish to supply the wants, and minister to the comforts of man.

I did not mean this explanation as a formal definition of wealth ; but it may, perhaps, help us to perceive the difficulties that lie in the way of framing one that will be strictly accurate. The air we breathe, the water of the rains of heaven, and the light of the sun, all come under the description I have given. In one view it may seem a very strange mode of talking, to include these common gifts of nature in the elements which make up wealth, and yet there are circumstances under which we can find no just reason for their exclusion. A well in a dry summer, may be the means of a very

considerable revenue to its possessor—the salubrity of the air will raise the rent of a residence—the window tax makes men pay for the light of heaven. It still seems a question whether we ought altogether to exclude objects which so often appear to be the ingredients of wealth.

It is worthy of remark, that in all discussions of the convenience or inconvenience of any particular definition of wealth, the question is argued by adducing certain objects which are supposed to be erroneously included, or the contrary. This mode of argument is nothing more than an appeal to some standard conception already existing in the mind—an admission that common sense is able to decide, in each individual instance, what should be considered as constituting wealth, and that the merit of a definition is to give expression to the general rule, of which all these particular judgments are the application. Now, where such a general rule does exist, it is something more than a mere verbal felicity to state it. It is, in fact, a practical development of the primary modes of human thought. This never can be without its influence on the progress of our researches. And with whatever show of reason men may talk of the right of using words in any sense we please, you will find the right, like many others, a dangerous one to exercise. And that our truest wisdom will be to fall in with those impulses of the mind, which are most probably its

original laws, but which, at all events, usage has established into laws.

To frame a definition of wealth, we ought then to examine what are the primary notions that enter into the mind in deciding that any object ought to be considered as belonging to that mental classification which the term ‘wealth’ represents. I believe you will find that these primary notions are nothing more than these, that the object satisfy some desire of man, and that its nature is such as to admit of consignment. Accordingly, I would define wealth to be, all those things which minister to the wants, or satisfy the desires of man, and which, from their nature are *capable* of being transferred.

I am inclined to believe, after the most minute reflection that I can bestow upon the matter, that it is the mere capacity of being transferred, and not the possession of any value in exchange that enters into our primary notion of wealth. I do not believe that the mind will readily acquiesce in that mode of thought which leads to this conclusion, that were a nation isolated from the world, in which every individual was supplied in infinite quantities with all that ministers to the enjoyment of man—that nation should be regarded as possessed of no wealth. And yet adopting the definition which includes value in exchange as the essence of wealth, we must say that in that nation there would be no wealth, since it is manifest no person would go to the trouble of making an exchange.

Those things, however, which do not admit of transfer, however useful or agreeable they may be, are never regarded as wealth. The affection of a friend, the buoyancy of good spirits, the inestimable privilege of health—these are blessings which thousands of the miserable rich would purchase at the price of their vast possessions from the humble mechanic that toils for his daily bread ; but these blessings are incapable of transfer, and the mind never regards them as wealth.

And this will explain why it is that the atmospheric air, the beauties of nature, the light of heaven, the beams of the sun, and some other such advantages, appear sometimes to partake of the nature of wealth, and sometimes not. So far as they supply means of enjoyment which are transferable, they are wealth. A house derives additional value from commanding a view of fine scenery, from the salubrity of the air, from its having a warm or a cheerful aspect. In all these cases the means of enjoyment furnished by these gifts of nature are transferable, and the mind, therefore, regards them as wealth. But whenever they supply means of enjoyment which are not capable of consignment, we never consider them as wealth.

I need not remark that everything which possesses value in exchange, must be something capable of being transferred ; but I trust you will not consider

me as idly insisting on a distinction without a difference, if I venture to urge that value does not enter as a component part into the idea of wealth. It is always of importance to endeavour carefully to separate from a definition everything but what is absolutely essential to the thing defined, and to admit no mere accidental quality, however closely or generally it be found connected with it. If you wished to explain what is meant by a rational being, you would make but a bad attempt at it by describing, however accurately, the form and proportions of the human shape.

The remarks of Archbishop Whately on this subject, are so just and forcible, that you will excuse me for quoting them. In the ninth of his invaluable lectures on Political Economy, he remarks—

“It may be worth observing that in examining, framing, or altering definitions in Political Economy, you will find in most persons a tendency (as in other subjects also) to introduce accidental along with, or instead of, essential circumstances. I mean that the notion they attach to each term, and the explanation they would give of it, shall embrace some circumstances generally, but not always, connected with the things they are speaking of, and which might, accordingly, by the strict account of an accident be absent or present, the essential character of the subject remaining the same. A definition framed from such circumstances, though of course incorrect, and likely, at some time or other, to mislead us, will not unfrequently obtain reception from its answering the purpose of a correct one at a particular time or place.”—LECTURE ix. p. 251.

I apprehend that it has been just this tendency that has led writers on political economy to mix up value in exchange with their definitions of wealth, and I am inclined to believe that this has originated some mistaken views of the science. Unquestionably the great leading feature of our idea of wealth is that of things useful or agreeable to man, and this is absolutely the definition adopted by Lord Lauderdale, who felt the inconvenience of introducing the elements of exchangeable value, and whose essay is in great part directed to this point. But a little reflection will teach us that some further limiting quality is included in our notion of wealth, and I suggest that this is capacity of transfer.

Mr. Poulett Scrope, who unfortunately for the cause of Political Economy, started with the dangerous principle of regarding the attempt to attain scientific accuracy of language as only calculated to lead to confusion, appears to have had some notions very similar to these—although he falls in with the definition of wealth that introduces the notion of exchangeable value, he suggests as a concise one “the purchaseable means of human enjoyment,” and he speaks of wealth as identical with those things “the possession of which can be guaranteed by law.” These latter words, although without the accuracy of a definition, are perhaps adapted to convey a popular notion of the character of the objects which Political Economy regards.

Most writers on Political Economy have limited the term wealth to *material* objects. Mr. Malthus declares that “the ablest writers who have deserted matter in their definition of wealth have fallen almost inevitably into contradictions and inconsistencies.” But I am inclined to believe that the materiality or immateriality of an object is a consideration which the mind never takes into account in its conception of wealth, and to bring it into a definition is only to introduce an unnecessary and a perplexing element. We will find it a matter of more difficulty than we imagine, to determine in many instances, whether the source from which we derive enjoyment be material or immaterial, and we never pause to adjust this nice question in considering any object as wealth. Wherever the means of enjoyment, whether derived from material or immaterial sources, have the capacity of being transferred, the mind unhesitatingly pronounces them as wealth, in either case they often become property guaranteed by law, and are made the subject of the exchanges of commerce and all the varied settlements of possession.

I have already called your attention to the fact, that the command of a pleasant prospect will raise the rent of a house—this product is purely immaterial; I might say the same of the pleasure we derive from a fine painting or a beautiful statue. The copyright of a book is daily recognized even

in the strictness of legal transactions as an article of wealth, but its sale is nothing but the transfer of the power over certain means of enjoyment which are purely intellectual. It is an immaterial product alone that distinguishes a copy of *Paradise Lost*, or *Ivanhoe*, from the same quantity of paper and binding which should contain nothing but a confused mass of printed letters. A new improvement in machinery is an addition to wealth, of which perhaps it is not inappropriate to say the patent is the representative, as the copyright of *Ivanhoe* is of the immaterial product which in this case is wealth. There may be, no doubt, some of these cases in which the immateriality of the product may admit of a question, and a question which you will not find it easy to settle, but this is in itself a reason why an element so undefined should not be permitted to perplex a definition in which it can answer no useful purpose. (Note 6.)

Connected with the question of immaterial products, there are many considerations which it is of importance should be laid before you—but to enter on them now would protract this Lecture beyond the time during which I can at all hope to retain your attention. Indeed I find myself under the necessity of deferring many of the observations which I had designed to offer to you on the nature of wealth, to these Lectures in which I purpose to treat of production. But perhaps I have said enough to

suggest reasons to your mind against introducing the question of materiality into the definition of wealth, and this is all that is necessary for our present purpose.

Under the term wealth then, we include all things material or immaterial which are useful or agreeable to man, and the nature of which is such as to render them susceptible of transfer.

It is however, necessary to call your attention to this—that many things may be indirectly useful to man in producing what will minister to his wants—and these things are considered as wealth—although they are only the sources of what he can enjoy ; the fruit tree is wealth because it supplies the means of enjoyment in its fruit—a power-loom is wealth because it helps to produce stockings ; and land is wealth because it supplies corn and the other fruits of the earth. Thus we equally regard as wealth what we may perhaps for convenience distinguish as the mediate and immediate means of human enjoyment. The word useful, has evidently two corresponding meanings, and as it occurs in the definition, I thought it right, distinctly to apprise you of the double sense in which it is employed. (Note 5.)

I ought also to observe, that we must regard that as susceptible of transfer, the use of which can be given to another even although the absolute possession of the thing itself must always reside in its

owner. Thus I would consider the strength of a labourer as wealth, although nothing is transferable but its use. And here it is worthy of remark, that his strength furnishes to the labourer himself means of enjoyment, in the consciousness of power, and pride of bodily vigour, which do not admit of transfer, and which therefore, never can become wealth ; but the far inferior means of enjoyment which are supplied by the employment of that strength in handling the spade or in holding the plough, can be transferred, and so far therefore, his strength is regarded as wealth—that is, just as far as its use *can* be given to another.—But the mere natural capacity of transfer is all that we regard—that strength would still be wealth, were the labourer in a condition in which its exercise could procure him every thing he required were exchange altogether unknown.

These are the only observations with which I deem it necessary to accompany the definition which I have ventured to submit to you of wealth. You will remark that the only difference between my definition and that which defines it as “things possessing exchangeable value” is this—that mine does not impel you to regard an article as wealth, as long as it is scarce, but not when it is supplied in unlimited abundance. It is Lord Lauderdale who remarks that if exchangeable value constitute wealth, you would increase the quantity of wealth

in a country by diminishing the supply of any useful article which nature furnished in unlimited abundance. Value would unquestionably be added to the remainder, and indeed there is the story of some Dutch colonists, who cut down half the spice trees in the island, by way of increasing the wealth of the colony. Practical blunders will often follow from a very slight mistake which we might almost be inclined to pass by as too trivial for notice.

I am not aware that any political economist has remarked that the definition usually given of the science is very far from possessing any claims to accuracy—"the laws which regulate the production of wealth" present in the literal sense of the expression a very wide field of investigation. Coal is an article of wealth, but we are not called on to invade the province of the geologist in searching into the modes of its formation. The steam engine is an important instrument of production—but the laws which regulate its movements many political economists know nothing about. I have seen no definition of production which obviates this, and I am not sure that we could frame one. Of course there is no serious danger of a mistake upon these points, but if we wish to be precise we should define the science as that which teaches the *natural laws* which regulate the interference of *human agency* in the production, distribution, and consumption of wealth.

And indeed a very slight acquaintance with works professing to be treatises on Political Economy would teach you it is of the very first importance that we should be precise in limiting our investigations to what properly belongs to the province of the science ; for though I do not know that any political economist has thought it necessary to diverge into geological inquiries—unfortunately many of them have gone into discussions just as extraneous to its just limits—and where their extravagance has been far more calculated to confuse themselves and to bring discredit on the science. The opinions which are expressed by many of them upon religion or general politics, whether erroneous or not, are just as much out of place in a treatise on Political Economy, as a dissertation on the building of theatres would be, occurring in one of the books of Euclid. Above all things, we ought to avoid bringing into our inquiries the disturbing and exciting influence of general politics. With the probable influence of particular forms of government, or national happiness we have nothing whatever to do. And any discussion on these irritating topics, is worse than irrelevant—it is mischievous in the extreme.

Mr. Senior has prefixed to his admirable treatise on political economy, published in the *Encyclopædia Metropolitana*, some very just and wise observations on the necessity of carefully attending to the boun-

daries of the science. He justly remarks that many of our most eminent economists "after having expressed their intentions to confine themselves within what appears to be their proper province, have invaded that of the general legislator and statesman," and have entered on inquiries "which involve as their general premises the consideration of the whole theory of moral government, and of civil and criminal legislation." Upon such extended inquiries we are fortunately not called on to enter. We will find sufficient employment, and, I trust, gentlemen, sufficient interest too in the more sober and less exciting task of investigating the process which is going on around us, which we have designated as the production distribution and consumption of wealth.

This process, you will observe, is going on in nature, altogether independent of our observation, and depends upon certain general principles, which we call its laws. To acquire a thorough and complete knowledge of this process, is the business of the political economist. But it is also true that this is a process, with which human regulations can materially interfere ; and it is our business to trace out the effects of such interference on the process itself. This, of course, gives to the knowledge we are seeking after, much of practical value and importance, and without it, all legislation that may affect that wondrous mechanism by which the neces-

sities and comforts of mankind are supplied, can be only blind and most probably blundering guesswork. He is a self-sufficient and mischievous fool, who will meddle with a piece of mechanism, of the construction of which he is altogether ignorant. It might, perhaps, be a breach of privilege to apply the illustration to those who enact laws to regulate the trade, the industry of the country, and the supply of all that is necessary for our comfort and existence, without knowing one particle of the nature of the process, with which their enlightened legislation is intended to interfere. The madman who believed himself appointed to wind up the sun and moon, indulged himself in a very harmless notion of the mechanism of the heavens, but he would have made sad work with our supplies of light and heat, if he had been entitled to vote for some change affecting the laws of gravitation.

But however necessary the knowledge which it furnishes, still, as Mr. Senior has well observed, "the business of science is to state propositions, and not to recommend measures." The knowledge which political economy supplies, is unquestionably essential to the statesman; but in many instances, he must take into his account, along with this indispensable knowledge, elements of calculation, with which it does not supply him—I say in many instances, because there are some measures of legislation, such as the imposition of protective

duties, which have their object clearly defined to be to have a certain effect on the production and distribution of wealth, and the knowledge of political economy is decisive as to the adaptation of such measures to the end proposed. In all cases, however, the proper business of science is to supply the knowledge, not to dictate its application. Political economy points out the effects of an impolitic tax, but it, strictly speaking, does no more. The repeal of such a tax is no more a part of political economy, than the cutting off a gangrenous limb is a portion of the science of anatomy, although it may be true that, in both instances, a knowledge of the science not only points out the evil, but is indispensable to the application of the remedy.

Perhaps, indeed, the science of anatomy may furnish us with an illustration of the nature of political economy. The one has the same relation to the human frame, that the other has to the social economy by which wealth is supplied to mankind. The business of the political economist is to examine the structure of the economical system—to ascertain the different powers in that system, by which wealth is produced, and the different channels by which its invigorating influence is circulated through every part; just as it is the business of the anatomist to lay bare the structure of man—to explore the functions of every organ, and the part

which it bears in the great processes of life—and to exhibit the play of every muscle, and the connection of every vein—and trace each nerve and artery, communicating the impulse of sensation, or bearing the current of life to all the members of the body. But, observe, the business of each is simply to acquire a perfect knowledge of the structure which he examines. The study of anatomy is not the entire of surgery or medicine, and just so the political economist, even in relation to the subjects which belong to his peculiar province in entering upon an office which is not altogether that of the politician or the statesman.

But what would you think of the anatomist who, defining his science to be an examination of the structure of man, would include under this all questions connected alike with his physical and moral well-being—all inquiries affecting his destinies in this world and the next, and would occupy his page, not with drawings of the muscles, but dissertations on education, theology, and moral philosophy? and yet he would not wander farther from his proper province than the political economist, who, when engaged in examining what we may term the physical framework of nations, believes it to be a part of his business to decide on all the questions of their political and moral guidance, which are just as remote from the production of wealth, as the intellectual power and moral feelings

of man are from the pulsation of an artery, or the structure of the eye.

And yet, gentlemen, if we may trace a little further an analogy which seems naturally to suggest itself—just as there is in the inquiries which have been termed physiological—a point in which even the examination which the anatomist conducts, comes in contact with the inquiries of the moralist or the metaphysician, so there is a physiology of nations in which the science of the political economist is connected with the speculations of the political philosopher. And though there be in states a moral organization, and a moral end of their being, of which political economy takes no notice—though there be principles to rule, and passions to disturb, and emotions and affections to give impulse to what we may term the soul of nations—the sense of national pride, and the regard for national honor, and the love of national justice, and the sensitiveness to national disgrace; though all these things be utterly and entirely distinct from the physical framework of states—just as in the compound nature of man he has his passions, and his intellect, and his responsibilities, with which the knowledge of the structure of his material organization has nothing to do; yet just as in the case of man, the influence of one part of his system extends over the other, producing the mysterious sympathy between body and mind, so there is a mutual influence and connexion subsisting between that which

we may term the moral and the physical organization of communities.

Now, just as the mental and bodily health of man exercise their reciprocal influence on each other, so will a right discharge of the political and economical functions of nations be mutually and reciprocally dependent. Just as a derangement of the vital functions produces distress and agitation of mind, so, most assuredly, will any disturbance in the economic process be the cause of political inquietude and agitation; and just as violent emotions of grief or passion disturb and interrupt the healthy action of the physical organs, so we know by experience that the political excitement of the national mind impedes and interferes with the functions of the economic process. Nay, more, you will find it to be true, that just as the man of moral and temperate habits is the most likely to enjoy good health, so is that nation most likely to be in a right and prosperous economical condition, among whose population there are most widely diffused habits of religion and morality.

But this sympathy and dependence, however intimate and complete, can no more confound the inquiries of the economist and the politician, than can the sympathy existing between the two systems in human nature confound the inquiries of the anatomist and the moralist. We will, then, gentlemen, confine ourselves to the less excursive task of examining the structure of

the system by which, if I may use the expression, the energies of mankind are united in the construction of one great machine for the supply of human wants—we will content ourselves with the anatomy of the economical organization, and in endeavouring fully to understand its structure, and fully to exhibit its operations, we may feel the satisfaction that we are entering on inquiries of vast practical importance to the human race—we are attaining knowledge which once attained, the common sense of mankind can easily apply. And even if our studies had no practical result—if, like the astronomer, we were examining a mechanism beyond the reach of human interference—although, gentlemen, I believe there is no science which teaches us to understand the operations of nature, that does not directly or indirectly supply hints of practical benefit—but even if the study of political economy could never affect a single alteration in the policy of nations, (and it has effected many, and will effect more,) it were still well worth our while to explore this wonderful system—even to contemplate the beauty of its arrangement, and see in every curious contrivance of its mechanism, another manifestation of the wisdom that has alike arranged the material laws which confine the worlds in their orbits, and those which combine the apparently changeable passions and propensities of men to produce the result which the Creator of man and the Constitutor of society has designed.

## APPENDIX.

*Where any note in the Appendix refers to a particular passage in the Lecture,  
the reference is made by the figure: the other Notes have no such immediate  
reference to any passage.*

D



## A P P E N D I X.

---

### NOTE I.

I allude to Archbishop Whately's lectures, which are almost exclusively occupied in clearing away the prejudices against the study of the science. See also Professor Longfield's first lecture, published along with ten others, delivered in the year 1833.

### NOTE II.

Such was the confidence of the royal psalmist :

“ Whither shall I go then, from thy Spirit ; or whither shall I go then from thy presence ?

“ If I climb up into heaven, thou art there : if I go down to hell, thou art there also.

“ If I take the wings of the morning and remain in the uttermost parts of the sea : even there also shall thy hand lead me, and thy right hand shall hold me.”—*Psalm cxxxix. v. 6–10.*

### NOTE III.—WEALTH—CAPITAL.

In ordinary language, the term **WEALTH** is applied both to the things which minister to our wants, and also to that com-

mand over the resources of society, which enables us to procure these things. A want of attention to this distinction has created much confusion in the science. There is just a similar ambiguity in the word **CAPITAL**. It might be too daring an innovation on the language of the science, to define wealth to be a command over the resources of society ; but I am persuaded, that to attain to even moderately correct notions on political economy, we must carefully distinguish between the things which we define as wealth, and that command over the resources of society which is popularly termed wealth.

The most remarkable instance of the confusion which has arisen from not attending to this, may be found in the word capital, particularly where it is classed with natural agents and labour, as an instrument of production. Mr. Senior has unquestionably done the science great service, in taking exception to the term capital, and calling our attention to the agent by which capital as capital exists. It is difficult to condense into the brief compass of a note, what occupied a good portion of two lectures in explaining. Having called the attention of the class to the fact that, with labour and natural agents there must concur another subsidiary instrument of production in the preference of remote to immediate results, I observed—

“ This subsidiary agent has been termed capital. By capital we are to understand wealth appropriated to the purposes of production. Mr. Senior has done the science great service, in taking exception to this language, and directing our attention to the act of appropriation, not the thing appropriated, as the instrument of production. ‘ Capital,’ he truly observes, ‘ is not a simple productive instrument. It is, in most instances, the result of all the three productive instruments combined—some natural agent must have afforded the material—some delay of enjoyment must have preserved it from unproductive use—and some labour must in general have been employed to prepare and preserve it.’ I do not hesitate to say, that this direction of attention to the unseen and untried agent by which capital as

capital exists, entitles Mr. Senior to be considered as a discoverer in the science. To this agent he gives the name of abstinence, not as unobjectionable, but as the least objectional he could find."—LECTURE III. (*unpublished.*)

The term abstinence, it appears to me, is an exceedingly inconvenient one—the real source of the confusion lies in not distinguishing between wealth, as actually in possession, and a command over the resources of society ; and this confusion, I fear, the term abstinence is calculated to favour. Setting aside, however, the ambiguity of the term wealth, there are other sources of confusion in the word capital.

" You will perceive that this language 'wealth employed in the purposes of production,' is open to application to two different things—it applies to that wealth which is employed in facilitating the creation of utility, and also to that article of wealth which is to be the subject of the newly created utility. Both the machinery and the buildings of a cotton mill, and the raw materials employed in it are the capital of its owners.

" When we endeavoured to trace, in the instance of a solitary individual, the action of another agent concurring with labour and natural agents in production, we traced three manifestations of it—

" In supplying articles of wealth as the materials of production of utility, not immediately available ;

" In supplying the implements by which the productiveness of labour is increased ; and,

" In supplying subsistence to the labourer while engaged in production not adapted for the supply of his immediate wants.

" These three supplies are all termed capital—the supply of the materials, or, I should say, the materials themselves—the implements and appliances—and the subsistence of the labourer. By the materials, we mean the article of wealth which is to become the subject of the newly-created utility.

" I have already called your attention to that kind of production which consists in removing obstacles which impede our

use of any thing—of which the most common instance is that of approximating wealth to the consumer, which, indeed, is the only production of the merchant, or of the retailer. Now, gentlemen, if we believe this indirect species of utility to be vested in the article so approximated, then the materials to which the production of the retailer communicates the utility which it creates, are the goods which he sells. The broaches the jeweller purchases, just stand in the same relation to his production, as the wood in the cabinet-maker's yard does to his.

“ These considerations will, I think, set clearly before you the ambiguity that may result from the use of the word capital, especially when we regard it as an instrument of production ; since it is applied to the subject that is destined to receive an additional utility—to the physical appliances that join in creating that utility—and to the subsistence which is supplied to the labourer, while he is bearing his part in its creation.

“ Besides all this, gentlemen, you will observe, that in common language a man is said to have capital when he does not possess any one of these things ; but when he has that command over the resources of society which can enable him to procure them ; and perhaps if we wished to define capital in the sense in which it is usually employed in monied circles, and the common discourse of society, we would say that it was a command over the resources of society, directed not to present enjoyment, but to the causing of production.

“ And here is another source of great confusion. Let political economists watch as they will, they will occasionally pass from one of these meanings to the other, and sometimes talk of capital ‘ as wealth applied to the purposes of production,’ and sometimes of a command over the resources of society, directed to production. Of the great practical difference between these two things, we shall have occasion to speak again ; but now, while our object is to fix the abstract ideas upon which we are to reason, it is enough to say to you that the two notions are in

themselves essentially distinct, and, therefore, ought not to be confounded. They are just as different as the determination of a general to fight a battle is from the army with which the battle is fought.

“I think I could very easily point out to you mistakes into which writers, who argue much about capital, have fallen, from each of almost all the sources of ambiguity I have endeavoured to point out. Thus, when it is asserted that the condition of the labourer depends upon the amount of capital in the country, it is plain that capital is confounded with that species of it, which is the supply of subsistence to labourers. When economists talk of the accumulation of capital, I suspect they understand it as a command over the resources of society. And much more confusion has arisen from overlooking the broad difference between articles of wealth, employed in production as the subjects of the creation of utility, and those employed as its assistants; while again, in many cases of what I have termed negative production, the mind is very apt to overlook altogether the fact that, while an article is undergoing no change whatever, there is still a creation of utility going on, to which the preservation of that article is indispensable.”—LECTURE III.

The inconvenience of using the word capital, to denote an instrument of production, will be at once apparent, from considering that species of capital which is the recipient of new utility—the broaches in the jeweller’s shop, or the wine that is improving in the wine-merchant’s cellar. But owing to the ambiguity of the term wealth, we cannot help occasionally confounding capital with a direction of a command over resources to remote results, which is really the virtual instrument of production; and were the word capital only employed in this sense, it would be rightly termed an instrument of production.

“Capital, gentlemen, I define to be ‘wealth employed for the purposes of production,’ and if you ask me what is the agent that sets it apart for that purpose, I answer that I have no name for it—that no word in our language expresses it—and

that I do not like to take on myself to make a new one, but that it is generally "*the direction of our command over resources with a view not to procure present enjoyment, but to remote results.*"

" This you will perceive is the definition of a very general term ; it will include Robinson Crusoe's making of the plough, as well as one of our master manufacturers building a factory. The principle of action is just the same in both. In the early stages of society, the simple act of directing labour in this way, was the manifestation of the principle, and the first step in civilization. And even still, when wealth already produced is applied in the same direction, there are reasons why we should regard the agent of which we speak, as something distinct from the mere appropriation of articles of wealth. In the first place the two things are distinct, as you may be satisfied by observing, that men often make up their minds to enter on some kind of business, and so direct wealth in this way, when, perhaps, they may be possessed of nothing in the world that could be made capital in their business ; and you will find, too, that even in the most advanced state of society, and in that process of production to which capital most contributes, there is also the direction of present energy to remote results, in the care, and pains, and superintendence of the capitalist himself, which is just the same kind of devotion of labour on his part, as there was on the part of Robinson Crusoe when he made his plough.

" Thus the principle or agent of which I have been speaking, is altogether distinct from the appropriation of wealth to the purposes of capital, although it is owing to its operation that any article of wealth is so applied."—LECTURE III.

In the note on productive and unproductive consumption, the reader will, I think, find another detection of the influence of the confusion resulting from the not noting the two distinct things to which the term wealth is applied.

#### NOTE IV.—IMMATERIAL PRODUCTS.

“ Utility, I have already observed, is a relation, but in many instances, where we are fully sensible of the presence of the utility, we may not be able exactly to say in what it is fixed, or whether we are to call that which is its vehicle, a material, or immaterial product. The utility of a copy of Ivanhoe, does not reside in any configuration of inks and type, but in something far different from any modification of matter ;—the utility of a noble statue of some great patriot, does not reside in any form of the marble, but in its resemblance to the figure it is intended to perpetuate. Indeed, so long as our mixed nature finds enjoyments in sources which, though the result of human exertion, we must hesitate to pronounce altogether material, we cannot limit utility, which is nothing but the capacity of supplying that enjoyment to material products.

“ The utility of many an object, consists altogether in its beauty—now beauty, although the result of certain proportions of the outlines of matter, is not itself material, and if you will just give yourselves the trouble to follow up this train of reflection a little farther, and see how much the utility of anything is increased by its beauty—indeed you may pursue the train of thought from a painting of Raphael, or a statue of Canova, down to a well-cut coat—I think it might make you very cautious of pronouncing that all utility belongs to products that are strictly material.

“ I am aware that the classing of anything immaterial as wealth, has been strongly objected to, but the more you reflect, the more impossible you will find it to fix an exact line of demarcation between material and immaterial products. I believe, indeed, that the exclusion of immaterial products by many of our own economists proceeded from the very same error that I have already noticed, that they fixed their chief attention on production, and not on human enjoyment, to which all production is only designed to be subservient. And accordingly where

immaterial products present themselves, if I may so speak, at the other end of the line, they freely enough class them as wealth. Adam Smith ranks the talents and intelligence of its members in the same category with money and land, as part of the fixed capital of society; his attention, no doubt, was called to these, because they directly contribute to production, as I have already pointed out to you, in the case of our imaginary Robinson Crusoe. Had he chiefly regarded not production, but the means of human enjoyment, which are derived from wealth, he would have admitted many other immaterial articles of wealth."

"A physician is ranked by Adam Smith, as an unproductive labourer, with 'churchmen, lawyers, men of letters, players, buffoons, musicians, opera singers, opera dancers,' &c.; but the truth is, that every one of these persons so unceremoniously classed together, are producers; they all create utility, and men are very willing to pay sometimes very handsomely for the product; that the utility which is created by the musician perishes at once, that is, be it remembered, is enjoyed instantaneously, does not prevent it being a product.

"Political Economy, gentlemen, you ought to remember, does not inquire into the reasonableness or folly of men, in being gratified with any particular thing; it merely regards the fact that they are so, and wherever there is utility there is production. If the notes of Paganini gave pleasure, he was just as much a producer as the man who, in the morning, makes fireworks to be blown up at night, for the amusement of the crowd.

"Music is one of the luxuries of civilized, perhaps even of uncivilized life. The notes of the professional singers at a modern banquet, or the song of the harper in the chieftain's hall, are just as much portions of the entertainment as the wines or the sweetmeats; and they who furnish them are just as much producers, as the wine merchant or the confectioner. All persons will probably admit a piano or a violin to be an article of wealth; the provider of the materials of which it is composed

was a producer; so was the man who arranged its parts in the harmony of tune; so too was the person who brought it in its finished state for an article of merchandize. If all these be producers, I cannot see why he is not also one who really appropriates to your use and enjoyment, the result of the combined labours of all the others.

“I have already called your attention to a fine painting, the utility of which does not lie in anything material. Mr. Poulett Scrope says, reasonably enough, that he can see no distinction (of course he means in their nature) between the value conferred upon a piece of canvass by an artist, and that conferred upon a piece of cotton by a calico-printer.

“It has been asked, whether a nation could be called rich, in which there were abundance of these immaterial products, and not of anything else. The answer is, that it would have abundance of a particular means of human enjoyment, and a scarcity of the rest. A country, for instance, in which there were no producers but physicians, would be very badly off—but so would one in which there were none but blacksmiths. The most enthusiastic admirer of harmony would not like to live in a place where he would get abundance of the most ravishing music, with a scarcity of every other means of comfort; but, gentlemen, none of us would wish to be placed in a situation, where we could only get abundance of plate-glass; yet plate-glass is an admitted article of wealth, and its makers are admitted producers. And we do not need the fable of Midas to teach us how uncomfortable we would be, if we were surrounded by nothing but gold.”—LECTURE II.

The expression, immaterial products, is here used in a sense quite distinct from another, in which has been very erroneously applied to denote these acts of production which have by Mr. Malthus been termed personal services, and by Adam Smith, unproductive labour. The reader will carefully distinguish between these things; he will find some remarks on the subject of “personal services” in Note 7.

## NOTE V.

Of these things which are indirectly useful, some may be so by the conditions of nature, and others merely by the conventions of society. It may help to throw some light on the exclusion of value from the definition of wealth, to remember that the first only are properly classed as wealth and the latter regarded merely as its representatives. The mind will at once perceive the difference between the indirect utility of a power-loom and a bill of exchange.

## NOTE VI.

When the mind reflects for a moment on the question of the materiality or immateriality of some products, perhaps it may appear that to attempt to decide the point, would involve all the subtleties of the Berkeleyan system of Idealism.

## NOTE VII.—PERSONAL SERVICES.—UNPRODUCTIVE LABOUR.

M. Say has, in his admirable chapter on Immortal Products, introduced some confusion by classing together as *values consumed at the moment of production*, these products of which I have been treating in Note IV., and the results of those services of a menial which Mr. Malthus calls personal services, and Adam Smith, unproductive labour; but these are in fact strictly and entirely material products.

“ You will bear in mind, that any creation of utility is production. I have already called your attention to the transfer of commodities from a place where they are not useful to the place where they are; this is a very important kind of production and one in which at this moment multitudes of labourers are engaged all over the world. But this is a species of production which except in its very great operations we are inclined to overlook. The bringing of coals from the depths of the pits at

Whitehaven to your grate, is certainly a very great creation of utility. All persons would say at once that the raising of these coals to the mouth of the pit was production ; but some, perhaps, might stop here without the slightest reason, and not concede that the conveying them another stage of their journey, that across the sea, was productive ; but I see no distinction between the nature of the one and the other, or between either of them, and the carting of them from the quay to the coal cellar. But if they ended their travels even here they might just as well have remained 100 fathom under Whitehaven ; and the act of your servant, when he carries them from the cellar to the grate, is just as much an act of production, and the same in kind as the labour of the miners, or the services of the crew of the collier, or the drivers of the coal dray.

“ This is nothing more than a very simple corollary from the proposition I stated to you some time since, in order that an article may minister to the wants of man that he is useful, it must be brought to the locality in which his wants require its presence. Yet it is altogether inconsistent with the doctrine which affirms the labour of a menial servant to be unproductive. This doctrine was stated by Adam Smith, who never defined a word, and propositions, which in his loose way of writing, might, perhaps, be called true as his meaning may be borne out by the truth, are very far from true, when interpreted precisely. The remark of Mr. Senior upon this point is, ‘ If Adam Smith had framed a definition of labour, he would probably have struck out his celebrated distinction between productive and unproductive labourers ; for it is difficult to conceive any definition of labour which will admit the epithet unproductive to be applied to any of its subdivisions, except misdirected labour.’ I believe it is possible that he would have struck it out if he had framed a definition of production.

“ Mr. Malthus objects to Adam Smith’s term of unproductive labour as ‘ underrating the importance of the labour it denotes ;’ he substitutes the expression ‘ personal services,’ while at the

same time he states that “this, though differing in name, is essentially the doctrine of Adam Smith.” M. Say, whom you will generally find the very clearest and best of the writers on Political Economy, classes the results of this species of labour under ‘immaterial products’ by which he declares himself to mean values consumed at the moment of production. Mr. Senior’s observations on this point are so clear and correct, that they leave but little to be said as far as they go, and I will quote them at length:—

“‘Products have been divided into material and immaterial, or to express the same distinction in different words, into commodities and services. This distinction appears to have been suggested by Adam Smith’s well-known division of labour into productive and unproductive. Those who thought the principle of that division convenient, feeling, at the same time, the difficulty of terming unproductive, the labour without which all other labour would be useless, invented the term services or immaterial products to express its results.

“‘It appears to us, however, that the distinctions that have been attempted to be drawn between productive and unproductive labourers, or between the producers of material or immaterial products, or between commodities and services, rest on differences existing not in the things themselves which are the objects considered, but in the modes in which they attract our attention; in those cases in which our attention is principally called not to the act of occasioning the alteration, but to the result of that act—to the thing altered—economists have termed the person who occasioned that alteration a productive labourer or the producer of a commodity or material product. Where, on the other hand, our attention is principally called not to the thing altered, but to the act of occasioning that alteration, economists have termed the person occasioning that alteration, an unproductive labourer, and his exertions, services, or immaterial products. A shoemaker alters leather, and thread, and wax into a pair of shoes. A shoe-black alters a dirty pair of shoes into a clean pair of shoes. In

the first place, our attention is called principally to the things altered—the shoemaker, therefore, is said to make or produce shoes. In the case of the shoeblack, our attention is called principally to the act performed. He is not said to make or produce the commodity performed—clean shoes, but to perform the service of cleaning them. In each case there is of course an act and result; but in the one case our attention is called principally to the act, in the other, to the result.'—*Encyclopædia Metropolitana, article Political Economy.*

"These observations are marked by great acuteness and great truth. But I must observe that if, as I apprehend, the remarks upon immaterial products apply to M. Say, he, by no means, does justice to that distinguished writer in identifying his views of the subject with these of Mr. Malthus. I presently will have occasion to direct your attention a little more to Say, and his chapter on immaterial products. I do not see, I confess, how any exception can be taken to the reasoning of Mr. Senior."

"If the definition of production I have offered to you be correct, the reasoning by which I prove that these services are productive is so simple as scarcely to deserve the name of deduction. I believe that the error which has led to the opposite opinion lies deeper than we might at first imagine, and pervades more extensively than we might suppose the writings of Political Economists. M. Say observes, that Adam Smith's mistake proceeded from his false definition of wealth, which he defined to consist of things bearing a value capable of being preserved, instead of extending the name to all things bearing exchangeable value. And in this observation he strikes at the root not only of this mistaken view but of many others. You will find in most of our British economists a tendency to confound production and accumulation; they appear to argue as if the only end for which wealth is created is, that it may be stored up, and this unconscious habit of thought vitiates all their perceptions in which it intrudes itself. They would give man barely enough to sustain his animal powers for the task of toiling in what they

call production ; and all his consumption beyond this they term, by an idle distinction, unproductive. But, gentlemen, it needs no great argument to convince you that the articles which are termed wealth are all adapted to be used, that if they had not such adaptation they would not be wealth. They were produced not like the razors in the old song to sell, unless in a case where plain and unequivocal fraud was intended, nor yet like the bricks of the children of Israel to be piled up in pyramids for succeeding generations to admire, but to minister to human comfort in their use. A country is wealthy and comfortable, not in proportion to what is produced in it, but to what is used in it; and in Ireland I need not lay down as a matter of science the position that a country might be the granary of others, and her own people be destitute and starving.

“ Consumption,” says Mr. Malthus, “is the great purpose and end of all productions.” By consumption, we understand nothing more than appropriation to use. No proposition might seem less to need even the formality of a statement—but many writers appear to regard reproduction as the only end both of production and consumption—and accumulation as the only use of wealth; and indeed this principle is formally stated by Adam Smith, in his observations on this very point of unproductive labour, or, if not formally stated, it is unequivocally assumed. For he states the grounds on which he pronounces the labour of the menial servant unproductive to be, ‘that it does not fix or realize itself in any particular subject or vendible commodity—his services generally perish in the very instant of their performance, and seldom leave any trace of value behind them, *for which an equal quantity of service could afterwards be procured.*’

“ The whole, I am inclined to believe, is to be attributable to the influence of the usages of ordinary language over the mind, and to the unhappy introduction of a term so ambiguous as wealth. In the language we apply to the concerns of private life, the acquisition of wealth is identical with its accumulation,

and the influence of this association has led political economists to confound in their science, production and accumulation. But the production of things useful and agreeable to men, is just as distinct from their accumulation, or their direction to any particular end, as the question of what vintage is a bottle of port, is from the inquiry, who will drink it. And the essence of wealth consists in the capacity of supplying the wants and ministering to the desires of men, and not in the capacity of being accumulated.

“ And Mr. M‘Culloch, who dissents from Adam Smith, adopts the very same principle, although he differs, and rightly differs in its application : he observes in his note—‘ In my view of the question, all sorts of labour ought to be held to be productive, if they occasion, either directly or indirectly, the production of the same quantity of equally valuable products, with those that were expended in carrying them on ; ’ and he afterwards goes on to shew that the labour of menial servants may *indirectly* occasion the production of wealth, a question which is perfectly distinct, in my mind, from the question of their being productive—they are productive if they create utility, whether they indirectly occasion any other act of production or not.

“ What Adam Smith really means in his celebrated passage, by productive labour, is that which creates capital ; and Mr. M‘Culloch’s note corrects him by calling labour productive, which tends to create it. Neither of them would have defined production in any way that would bear this out. Indeed, Mr. M‘Culloch’s definition of it is—‘ the production of utility, and consequently of exchangeable value, by appropriating and modifying matter already in existence, so as to fit it to satisfy our wants, and contribute to our enjoyments.’ If this be production, there are few services of a menial servant, that are not *directly* productive.”—LECTURE II.

## NOTE VIII.—PRODUCTIVE AND UNPRODUCTIVE CONSUMPTION.

My predecessor, Professor Longfield—from whose published lectures, I do not hesitate to say, the student will learn more than from any other work extant, except from the writings of M. Say, and, in some respects, the treatise of Mr. Senior—has pointed out that the only intelligible distinction between productive and unproductive consumption is, to call all consumption unproductive, except such as the use of wood in an implement, or coals in a steam-engine. He is, I believe, the only political economist who has expressly denied that the consumption of what he uses by the labourer is productive. Professor Longfield thus states his opinion—

“I consider every consumption unproductive, where the value of the commodity consumed is destroyed, and is not transferred to some other commodity. In such consumption consists all the enjoyment that man derives from wealth. Thus, the food eaten by the labourer is unproductively consumed, its value is not transferred to any other commodity. It is true that the labourer, by his toil, may create an equal or a greater value than what he has consumed. But it is the value of his labour, not of his food, that reappears in the articles he produces. Whether he saves or spends his wages, the value of his work will be the same. What he does spend is consumed for his enjoyment. But there is also a consumption where the value of the article consumed is not destroyed, but is transferred to some other commodity. This I call reproductive consumption. Thus, the coal consumed in working a steam engine, employed in making cotton goods, is productively consumed. It forms part of the cost of production of the muslin or calico, and its value reappears in the increased value it gives to the article which was produced by its means. I think it right to apprise you, that I do not employ those terms exactly in the same sense as some other writers, and that they would call the consumption of food by a labourer pro-

ductive, while I call it unproductive. It would be out of place now for me to prove that such a use of the terms is inconsistent and inconvenient. It involves a false hypothesis, and renders it impossible to distinguish between productive and unproductive consumption. For my present purpose it is enough to state the sense in which I use them, and the distinction I make between them. The question to be asked is this—*Is enjoyment or reproduction the immediate object of the consumption?* By enjoyment I understand every advantage or pleasure which the consumer derives from the use of the article, without the mediation of any exchange."

I ought here to observe that it is necessary to make the distinction between the creation of utility, and the creation of value, however nearly or generally they may seem to be identified. It is of the creation of value that Professor Longfield speaks, which must be however, in every instance a creation of utility, except perhaps in such instances as the case of the Dutch colonists, referred to in the lecture. In a note appended to the passage I have quoted, Dr. Longfield thus observes:—

"I consider the consumption by labourers to be as strictly unproductive as the consumption of rich landlords or capitalists. The opposite opinion appears to lead to several serious errors, and is, I think, founded upon a false analogy, and a misconception of the nature of productive consumption. The distinction I have made between productive and unproductive consumption, is by the object which the consumer has immediately in view in the consumption. If the object is profit, or to transfer a value to some commodity, then the consumption is to be deemed productive. But if the maintenance or enjoyment of the consumer is the object which he has in view, and the value is not, *by such consumption*, transferred to some other commodity, the consumption may be considered as unproductive consumption. This is the only distinction which can be consistently adhered to. On any other distinction, it will not be found easy to give an answer to such questions as these. If two labourers earn, the one ten

shillings, the other twenty shillings a week, and if the latter spends fifteen shillings, and saves five, how much of his consumption is to be deemed productive? Is it the ten shillings which he spends on necessaries, or is the five shillings to be added which he spends on luxuries? In either case his labour adds a value to the work beyond the amount of his consumption, and which would not be increased or diminished by an increase or diminution of his expenditure. The value added by the toil of the labourer to any commodity, is the value of his labour, that is, the amount of his wages. It certainly is not equal to the amount of both his wages and his consumption, and it would be an inconvenient and unnecessary enumeration to say, that the value of his labour is equal to the amount of what he spends in necessaries and in luxuries, and of what he saves.

“ Persons are misled by a false analogy. Inanimate matter has no will, no choice to work or to refuse, no power to select a master. It therefore does its work gratuitously, and therefore the work done has no value except that which is caused by the expense of making and working the machinery. The supply is not limited by any other principle. If a greater value was created by their work, more machines would be made and worked, until the increased supply reduced the value produced by them to the amount just stated. But in the case of men the matter is different. They may work or not, as they think proper, and the number of men willing to work at any time is limited, and an additional supply cannot be immediately procured. They may choose their masters and their employments, and make terms for themselves, and are not driven like machines to work for such a sum as, in the most economical manner, will be sufficient to keep them in repair, and to supply them with the commodities necessarily consumed during the work. The wages of labour can never sink to this limit, and have not even any tendency to approach it.

“ This opinion, together with an error as to the source from which profit is derived, has led to the agricultural theory which

represents land as the only source of wealth. The supporters of this theory alleged that land, besides the wages of the labourer, and the profit of the farmer, yields a net surplus produce which is paid as rent to the landlord; but that in manufactures, no value is added to the manufactured commodity, except the value of the provisions and other articles consumed by the labourer, during the progress of the work. No value therefore is created by such labour, since the labourer is consuming for his support as much as he is producing by his toil.

“Now, this argument proceeds upon a total disregard of the productive power of capital, which is the source of profit, and without injury to the consumer or labourer, produces a surplus equally net as the rent of land. Besides, the value produced by the labourer, or the wages he receives, may much exceed the value consumed by him. He may be a painter of eminence, annually creating a value of £10,000, and perhaps not spending £1,000. But even the sum consumed by the labourer does not detract from the value produced by him. The necessity he lies under of procuring food and raiment is not caused by his labour. The ultimate object of all production is consumption, and I would not deem any labour unproductive of wealth or utility, merely because the value of the produce is shortly afterwards consumed by the labourer and his family. The two very opposite errors are nearly allied—that of considering the artisan’s consumption as productive, and his labour as unproductive. It might with as much reason be contended that land does not produce any wealth, since the net surplus it yields is punctually consumed by the landlord. There are in the savings banks in England several millions of money, deposited there by labourers, whose wages must, to at least that amount, have exceeded their consumption.”

I believe that something of the mistake involved in the distinction is to be traced to the error of regarding production not as a means, but as an end, and leaving out of sight human enjoyment, to which all production is designed to be subser-

vient, so “nearly allied are the opposite errors of considering the artizan’s consumption as productive, and his labour as unproductive;” this error has actually pervaded the writings of some economists to such an extent, that they regard even human existence as if its only end and object was to produce. Their mistake is like that of the miser, who first desires gold as the means of enjoyment, but comes in time to enjoy it for its own sake, and will sacrifice every enjoyment to amass it, without once regarding its possession as anything but an end, and so many economists have forgotten the end of production, and rested on it as in itself the end, to which all existence and all consumption were but the means.

“It is just in this spirit that men say, that the labourer’s consumption is unproductive, after he has supplied himself with what will barely keep up his strength for his work. I wish, gentlemen, from my heart, that all the labourers in the country were unproductive consumers to a very large amount, and that only those were put upon the regimen of productive consumption, who, by their writings, appear to recommend it.”—

#### LECTURE IV.

I apprehend that along with the influence of this mistake, we must refer to the ambiguity in the term wealth, and consequently, capital, which I have already pointed out; in the same lecture I remarked—

“Confusion, too, has arisen on this point, from that prolific source of errors and ambiguities—the use of the term capital. In common language, it would appear a paradox, to say that capital was unproductively consumed, because, as I have already remarked, it is confounded with a command over the resources of society, directed to the purposes of production; but when we apply the word to the subsistence of the labourer, the influence of this use of it confuses our perception, and we cannot admit that this should be unproductively consumed: there is an ambiguity in the word consumed, for we have not clearly defined whether the capitalist or the labourer is the consumer.

Now, suppose we substitute for the term capital, the expression ‘command over the resources of society,’ the capitalist directs his command to the purposes of production—he agrees to transfer it to the labourer, on condition that he produce him something ; the labourer thus having acquired a command over the resources of society, he may direct this either unproductively to his own immediate enjoyment, or productively to the purposes of farther creation of utility ; what he puts in the saving-bank represents the one, what he spends the other.

“It is very necessary to distinguish between the labourer’s appropriation of wealth, and that by the capitalist, which are perfectly and entirely distinct ; the one may be strictly productive, the other just as strictly unproductive.”—LECTURE IV.

30112 061614191